CRM . . . It's about the customer!

Customer Support Representatives and Customer Relationship Management

What CRM Means to You

CRM Background: Where have we been?

DLA…Moving Closer to the Customer

CRM . . . It's about the customer!

Mostly Independent Efforts – Not Enterprise

Products & Services

- 1992 Central Distribution
- 1992 Medical Prime Vendor
- 1993 Industrial Forecast Support Grps
- 1994 Subsistence Prime Vendor
- 1995 DDC Premium Service
- 1995 E-mall
- 1995 DCSTs
- 1998 Bench Stocking
- 1998 DDC Direct Truck
- 1999 Strategic Supplier Alliance Contracts
- 1999 Centralized Cataloging
- 2001 Central RTC Clothing Facilities
- 2002 SLA/PBA
- 2002 MRO PV for Class IV
- 2002 Kitting
- 2003 NIMS

Organization Pre-2000

- 1964 CSRs
- 1972 ESOCs
- 1992 Quality Management Board
- 1995 LNOs
- 1997 Lead Centers
- 1998 WSSMs
- 1998 First CSART

Organization Post-2000

- 2000 Supply Chain Integration
- 2000 Balanced Scorecard
- 2001 CRM Organization
- 2001 National Account Managers
- 2001 CRM Prototype Team
- 2002 GAO on Customer Satisfaction
- 2002 LMI CRM Implementation Study
- 2002 CRM Summit I
- 2003 Virtual Contact Center
- 2003 CRM Summit II
- 2003 J-4 Stand up
- 2004 DRMS Re-Organization
- 2004 CRM Cells with BSM R2.0

CRM Background: Where have we been?

Key Decisions Previously Made by DLA-D

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- ☑ DLA needs to pursue *partnering level relationships*, which means that DLA needs to pursue strategies that eventually will lead it to become an *integrated logistics solution provider*

- ☑ An Enterprise segmentation approach and a CRM Cell structure are needed to consistently manage customer engagement strategies and customer touch interfaces across DLA Activities

- ☑ DLA needs to continue to pursue support from an External Service Provider to develop an Enterprise-wide CRM capability

Source: CRM Brief to VADM Lippert, June 5, 2003

BearingPoint Assessment: What problems are we trying to solve?

BearingPoint Conclusions on Areas to Improve

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- **Approach to customer engagement is fragmented**
- **Customer intelligence is not proactively managed**
- **Business opportunities do not appear to be captured and managed as a regular course of business**
- **Losing sales and market share**
- **Customers and employees do not realize everything that DLA can do**
- **Customer expectations are not managed well**
- **DLA is not easy enough to do business with**
- **Challenge of turning customer needs into product and service offerings**
- **VCC operation is inefficiently organized**

CRM Vision: Where do we want to go?

CRM Vision & Mission

CRM . . . It's about the customer!

CRM VISION

Transforming customer needs into customer satisfaction with every interaction

CRM MISSION

Enabling our people to deliver readiness and value to military and non-military customers through the effective use of structured service, sales, and marketing processes and tools tailored to customer mission needs.

CRM TAGLINE

CUSTOMER RELATIONSHIP MANAGEMENT

CRM . . . It's about the customer!

CRM Vision: Where do we want to go?

CRM Business Goals

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Now **CRM Transformation** **Future**

CRM Business Goals

1. Build a Customer Centric Culture (Surround customers with processes, policies and capabilities) – (C-1 /C-2)
2. Customer Retention and Market Expansion (Maintain current and seek new customers) – (C-2 /C-3)
3. Create Brand Loyalty (Serve customers well) – (C-3)
4. Reduce Cost-to-Serve (Most efficient & effective supplier) – (F-2)

Increase Readiness

A function of:

- **Increase Customer Satisfaction**
- **Increase Availability**
- **Decrease Cost**
- **Increase Agility**
- **Ease of use**
- **Increase Sales**

CRM Vision: Where do we want to go?

Customer Engagement Process Structure

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- **Service** delivers on DLA commitments and provides timely and effective issue resolution
- **Sales** engages the customer regarding the readiness and business value of DLA solutions
- **Marketing** reaches out to understand customer needs and communicate DLA capabilities to attract and retain customers

Strategy: Create structured service, sales, and marketing processes across the DLA Enterp

DLA can use these commercial processes to support our military mission

Service Processes

- Contact Management/VCC
- Resolution Management
- Problem Resolution
- Channel Optimization
- Self-Service
- Collaboration
  - –PBA Execution
- Real-Time Personalization

Sales Processes

- Manage Customer Engagements
- Manage Customer Accounts
- Manage Opportunities
- Order Management
- Channel Optimization
- Customer Engagement Effectiveness
- Collaboration
  - –PBA creation

Marketing Processes

- Identify Opportunities for products and services
- Develop Products and Services with back office coordination
- Educate customers regarding DLA products and services
- Increase customer retention and reduce buy-arounds
- Develop Segmentation and Treatment Strategies
- Formulate and Execute Advertising Campaigns
- Participate in Tradeshows
- Establish brand identification to what DLA provides
- Assess Customer Satisfaction

CSO will execute vital portions of DLA service, sales & marketing

CRM Vision: Where do we want to go?

DLA CRM Framework

CRM . . . It's about the customer!

"CRM Strategy"
Value Proposition Analysis

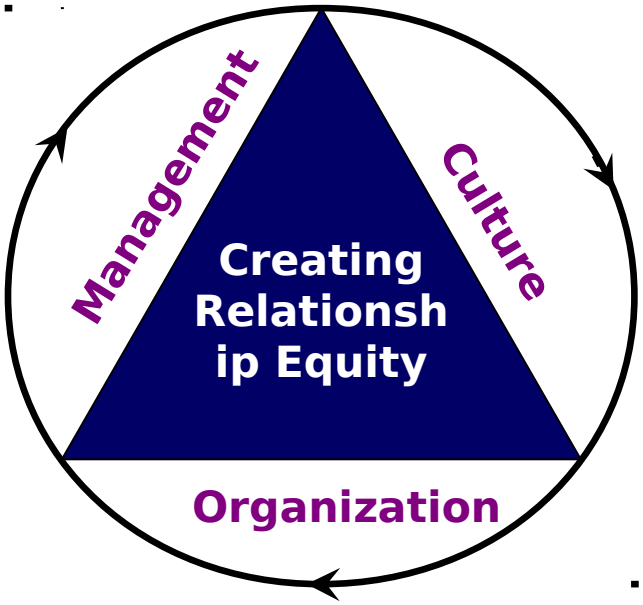
Customer Value Creation

Customer Interaction Strategy	Customer Value Analysis	Market Research	Modeling/Simulation	Preparedness Support Strategies
Segmentation	Customer Outreach	Product & Services Affinity Analysis	Partnership Strategies	

Customer Intelligence

"Analytic CRM"
Customer Intelligence Tools

- Enterprise Customer Master
- Data Mining & Analytics
- Data Collection & Repository
- Cost to Serve
- Performance Measurement
- Competitive Intelligence
- Customer Intelligence



Transaction and Service Execution

"Operational CRM"
Enabling Technologies, Tools & Processes

Virtual Contact Centers	Account Management
Order Management	Resolution Management
Self Service	Opportunity Management
Logistics Solution Management	Collaboration
Business Intelligence	Enterprise Knowledge Management
Application/Infrastructure Integration	
Performance Management	

Service, sales, and marketing are executed in the Operational (green) area and are planned and supported in the Analytic (purple) and CRM Strategy (blue) areas

CRM Vision: Where do we want to go?

Mapping Service Processes to the CRM Framework

CRM . . . It's about the customer!

"CRM Strategy"
Value Proposition Analysis

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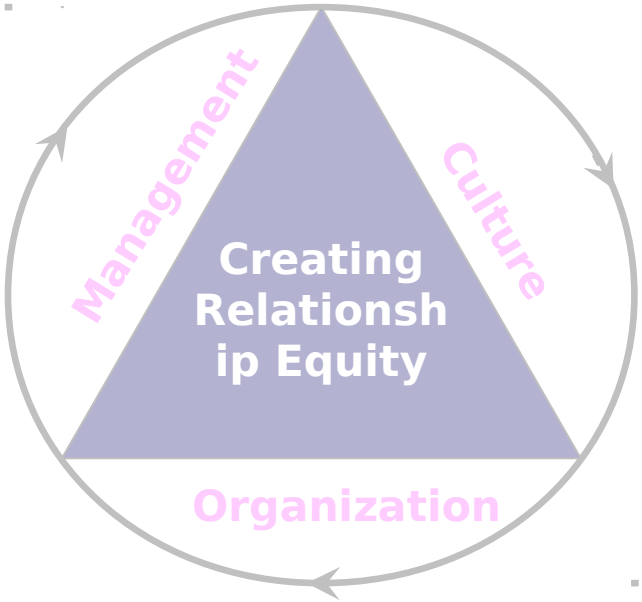

Transaction and Service Execution

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CRM Vision: Where do we want to go?

Mapping Sales Processes to the CRM Framework

CRM . . . It's about the customer!

"CRM Strategy"
Value Proposition Analysis

Customer Value Creation

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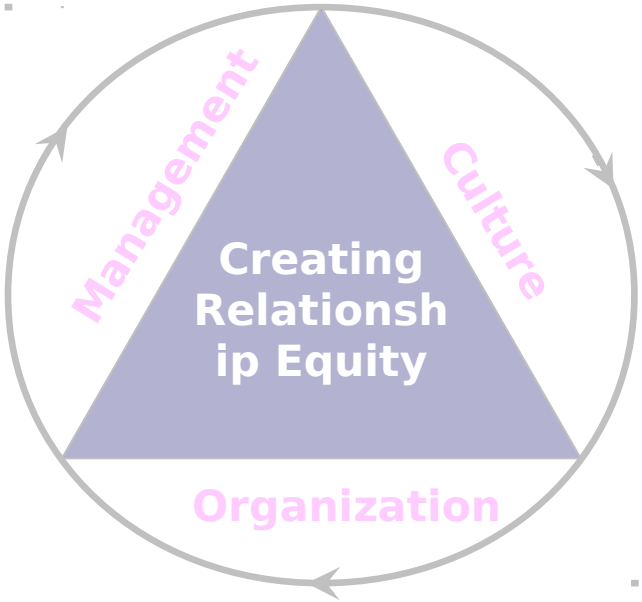

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CRM Vision: Where do we want to go?

Mapping Marketing Processes to the CRM Framework

CRM . . . It's about the customer!

"CRM Strategy"
Value Proposition Analysis

Customer Value Creation

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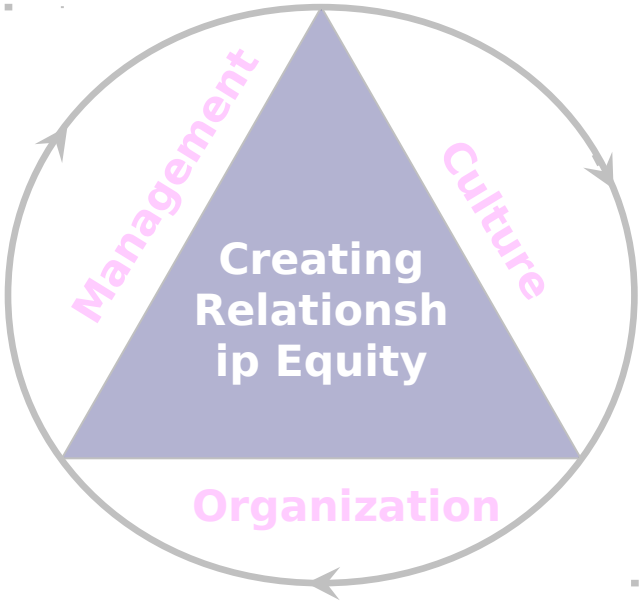

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CRM Vision: Where do we want to go?

People: Overview

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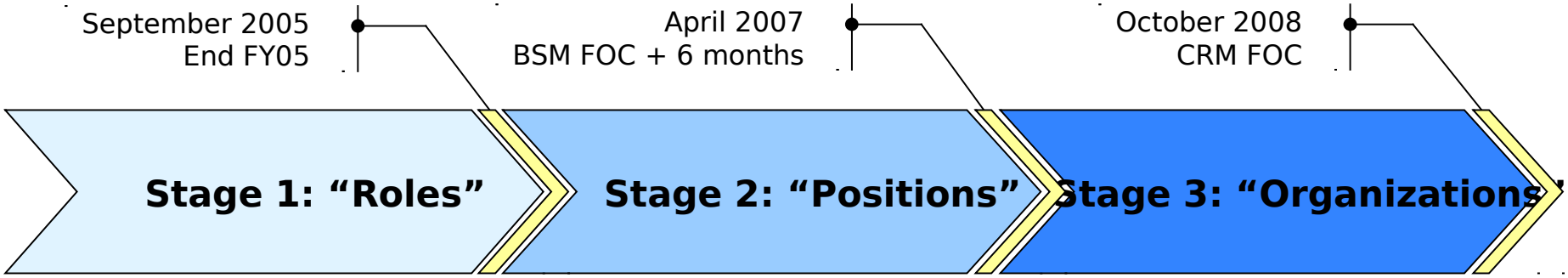

- Work within existing positions and add new roles as required
- Standardize roles across Field Activities and HQ

- Redefine and/ or map existing, customer-touching roles to new, standardized positions in Field Activities and HQ
- Maintain existing organizational structure

- Expand organizational structure for marketing and sales functions within DLA
- Create new reporting relationships as appropriate

Individual organizations may proceed at a more rapid pace than stated above

CSRs Play a Vital Role in Change Management

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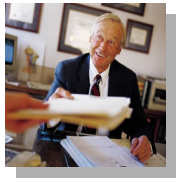
Assess and Monitor Risk

Address Organizational Implications

Mobilize and Align Leaders



An effective transition approach mitigates risk and ill align DLA across the Enterpris to successfully implement the changes

Prepare and Equip the Workforce

Engage and Communicate with Stakeholders

Developing CSR Skills through Training

CSR and Customer Communicatio n

Questions and Answers on Key Decisions

Roadmap Options Summary, Initial 18 months

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	Option A Status Quo	Option B High Revenue Sites	Option C CRM Light	Option D CRM Light at High Revenue Sites
Sites	All Sites	DSCC, DSCP, DSCR, DESC, DDC, HQ, DLA-E, DLA-P, DLIS	All Sites	DSCC, DSCP, DSCR, DESC, DDC, HQ, DLA-E, DLA-P, DLIS
		DAASC, DRMS, DNSC, and DAPS lag one release (9-12 months)		DAASC, DRMS, DNSC, and DAPS lag one release (9-12 months)
Functions	Current CRM initiatives	Service Mgmt, Sales Mgmt, Marketing Mgmt BPR and Automation	Service Mgmt, Sales Mgmt, Marketing Mgmt BPR and Automation (less extensive at 18 months)	
		Customer Strategy BPR	Customer Strategy BPR (less extensive at 18 mo)	
		Business Mgmt BPR	Business Mgmt BPR (less extensive at 18 mo)	
		Analytics BPR	Analytics BPR (less extensive at 18 mo)	
		Technology Mgmt	Technology Mgmt (less extensive at 18 mo)	
Comments	▪ Does not support Economic Analysis ▪ Fragmented ▪ Unstructured ▪ Not	▪ Strongly supports Economic Analysis ▪ Hardest to implement and highest risk ▪ Not Enterprise wide initially ▪ Greatest transformation load onto BSM sites	▪ Supports Economic Analysis but less strongly ▪ Simplified and lower risk because fewer requirements need to be met ▪ Enterprise wide approach	▪ Supports Economic Analysis but less strongly ▪ Lowest risk by narrower site and requirements scope ▪ Not Enterprise wide initially ▪ Moderate transformation load on BSM sites

Two Key Decisions Made by the TEB

August 5, 2004

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Decisions:

1. **Directional "thumbs up" on CRM Strategy**
   - CRM Strategy: Embrace leading practices for structured service, sales, and marketing processes around the DLA Enterprise

   ☒ Yes ☐ No

2. **Concurrence on Enterprise Transition Option**

   - Option A — ☐ Yes ☒ No
   - Option B — ☐ Yes ☒ No
   - Option C — ☒ Yes ☐ No
   - Option D — ☐ Yes ☒ No

Next Steps

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- **Transition Plan**
- **Refine CRM Functional Specifications in conjunction with Requirements IPT <u>with CSO input</u>**
- **SAP CRM Gap Analysis – Requirements IPT**
- **Development of CRM Blue Print (Process Redesign, etc.)**
- **Three Stages**
  1. ***Business Process Reengineering*** **(BPR) - FY05**
  2. ***Automation*** **of selected processes – FY06**
  3. ***Extension*** **&refinement of business processes & automation - FY08**

CSO Participation:
- **CRM Integration Team**
- **BPR Process Teams – IPTs**
- **Change Management**
- **Implementation**

What CRM Means CSRs
End Result

CRM . . . It's about the customer!

What You Have Been Working for Since 1964:

A DLA more responsive to customer needs

CRM VISION

Transforming customer needs into customer satisfaction with every interaction

BACK UP

Change Management and KT&T

Example CRM Skill Gaps and Action Plans

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	Example Skill Gaps	Example Action Plans
Service	▪ Enterprise view of DLA and its Customers ▪ Understand DLA products and services Enterprise wide	▪ Training on how to act as an Enterprise; education regarding DLA products and services ▪ "DLA 101" course to include DLA products, services, marketing skills and aids, DLA brand
Sales	▪ Ability to plan strategically for future opportunities ▪ Ability to up sell and cross sell	▪ Sales training focusing on building customer relationship and the sales cycle
Marketing	▪ Ability to analyze market trends, competitive intelligence, and present different/new options to customers according to trends ▪ Ability to develop and launch the DLA brand	▪ Marketing workshops specializing in developing marketing skills by solving DLA issues
Technical	▪ Database management (design, integration, maintenance) ▪ Ability to integrate technology into business interaction	▪ Providing training on new CRM tools ▪ Technology training incorporated into business process and sales training

Change Management and KT&T

End User Preparation for CRM
Notional 12 Month Release

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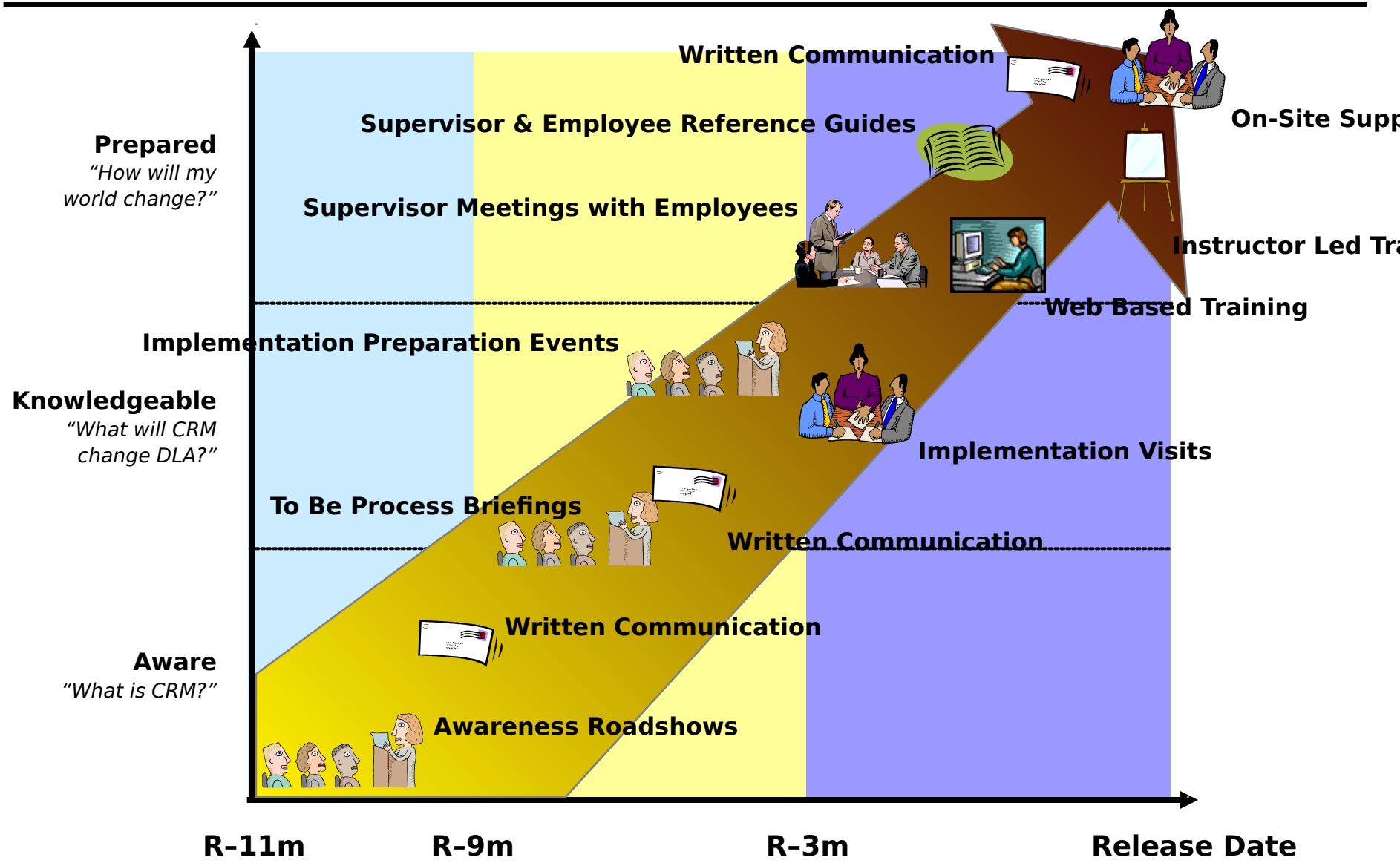

Change Management and KT&T

Guiding Principles

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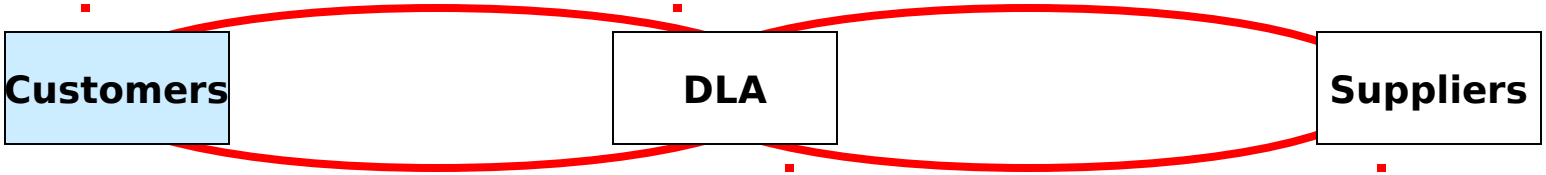
- **Managing Change**
  - Set realistic expectations of what CRM will provide
  - Leverage the existing DLA Change Management infrastructure
  - Plan for adopting a "one size does not fit all" approach
- **Culture**
  - Drive customer-centric culture change by:
    - Defining the cultural attributes and behaviors that DLA is looking to achieve
    - Driving the evolution of the culture through processes and metrics
    - Demonstrating culture through Leadership behaviors
- **Communication**
  - Communicate "newsworthy" events
  - Focus communication at the supervisor level and measure cascade process
  - Prepare customers at the appropriate
- **KT&T**
  - Prepare employees to thrive in the new environment by building both technical and softer skills
  - Provide just-in-time training in multiple media
  - Leverage existing transformation KT&T structure
  - Develop a blended learning plan of instructor led training and e-learning using external and internal resources, as appropriate
- **Leadership**
  - Engage leaders to actively participate in the CRM program
  - Leverage leaders' strengths

What CRM Means CSRs End Result

CRM . . . It's about the customer!

DLA more responsive to customer needs



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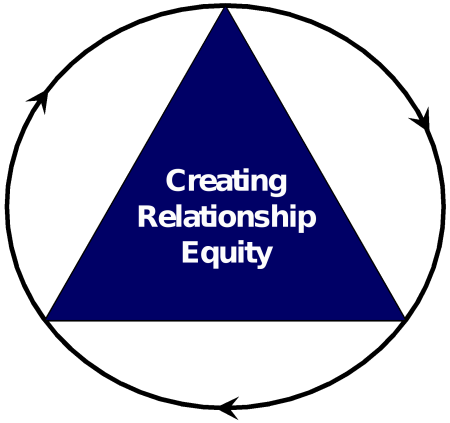

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